PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

P.E.I. No. 1 Kensington
P.E.I. No. 2 Roseneath
P.E.I. No. 3 Elmsdale

PRINCE EDWARD ISLAND

GRAIN ELEVATORS CORPORATION

Twelfth Annual Report

FOR THE FISCAL YEAR ENDED MARCH 31st

1989

KENSINGTON
PRINCE EDWARD ISLAND

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The HONOURABLE JOSEPH GHIZ

Minister of Agriculture

Province of Prince Edward Island

Dear Sir:

We, the Board of Directors and the Management of the Prince Edward Island Grain Elevators Corporation, have the honor of submitting herewith the Twelfth Annual Report of the Prince Edward Island Grain Elevators Corporation.

This report includes a brief summary of the operations and the audited financial statements of the Grain Elevators Corporation for the fiscal period April 1, 1988 ending March 31, 1989.

Respectfully submitted,

BOARD OF DIRECTORS

Prince Edward Island
Grain Elevators Corporation

TWELFTH ANNUAL REPORT

OF

THE PRINCE EDWARD ISLAND GRAIN

ELEVATORS CORPORATION

For the fiscal period April 1, 1988 ending March 31, 1989

BOARD OF DIRECTORS

Allison McNally	President
Harold Cairns	Vice-President
Clayton Bulpitt	Secretary-Treasurer
Earle Clark	Director
Leonard McCardle	Director
George Demeulenaere	Director
Gerald MacIsaac	Director
Jim Whalen	Special Advisor

HEAD OFFICE STAFF

Patrick Gaudet	Executive General Manager
Debra Montgomery	Administrative Officer
Barbara Johnstone	Accounting Technician
Shirley Ramsay	Part-time Clerk

ELEVATOR OPERATIONS STAFF

No. 1 Elevator - Kensington, P.E.I.

Clive Drummond	Manager
Kenneth McCarville	Assistant Manager
Andy Gauthier	Elevator Worker/Operator
Eric Proctor	Labourer

No. 2 Elevator - Roseneath, P.E.I.

J. Ronald Somers	Manager
Bill McGuigan	Elevator Worker/Operator

No. 3 Elevator - Elmsdale, P.E.I.

Donald McCarthy ..... Manager
Edmond Gaudet ..... Elevator Worker

The Prince Edward Island Grain Elevators Corporation is a Crown Corporation of the Province of Prince Edward Island under the authority of the Minister of Agriculture.

The Prince Edward Island Grain Elevator Corporation was established under Bill No. 49, the 4th Session, 43rd General Assembly; 26 Elizabeth 11, 1977.

OBJECTIVE OF THE CORPORATION

The objective of the Corporation is to stimulate local feed grain production and to bring uniformity to the industry through marketing of local grain on Prince Edward Island and throughout the Atlantic Provinces.

The Prince Edward Island Grain Elevators Corporation provides a central marketing, drying, storage and distribution outlet to the grain producer, livestock feeder and the feed industry.

FINANCIAL PARTICIPATION

The Prince Edward Island Government provides funding to purchase grain and funds for the Corporation's operating costs. These funds are returned to the Provincial Treasury from the sale of grain and services provided by the Corporation through drying charges, handling and elevator charges, storage and interest charges.

1988-89 CROP YEAR CONDITIONS

This season wasn't as good as the previous year with yields being down. This was the fifth year for the protein bonus plan. This was cost shared between the corporation and the provincial government with ⅓ being paid by the provincial government.

PRODUCERS AND USERS OF GRAIN

This report covers the period April 1, 1988 to March 31, 1989, which was the twelfth year of operation of the Prince Edward Island Grain Elevators Corporation, the sixteenth year for the Kensington Grain Elevator, the twelfth year for the Roseneath Grain Elevator, and the eleventh year for the Elmsdale Grain Elevator.

The following is a breakdown of buyers and sellers who are using the grain elevator system:

Kensington (No. 1): There were approximately 150 buyers of grains. The cheques issued to Island grain producers totalled $1,265,600.

Roseneath (No. 2): There were approximately 75 buyers of grains. The cheques issued to Island grain producers totalled $659,730.

Elmsdale (No. 3): There were approximately 50 buyers of grains. The cheques issued to Island grain producers totalled $815,090.

The average price paid to the Island grain producer was as follows:

Barley	- $145.00 m.t.
Oats	- $166.50 m.t.
Wheat	- $169.50 m.t.
Mixed Grain	- $112.00 m.t.

The average price paid for Western grains and Ontario Corn was as follows:

Corn	- $163.42 m.t.
Soybean	- $416.83 m.t.

VOLUME OF HANDLINGS AT EACH ELEVATOR

	Metric Tonnes	
Island Wheat purchased		
P.E.I. #1 Kensington	845.298	
P.E.I. #2 Roseneath	1632.737	
P.E.I. #3 Elmsdale	–	
Total	2478.035	
Western Wheat purchased		
P.E.I. #1 Kensington	87.000	
P.E.I. #2 Roseneath	60.000	
Total	147.000	
Total Wheat purchased		2625.035
Island Mixed Grain purchased		
P.E.I. #1 Kensington	127.061	
P.E.I. #2 Roseneath	308.925	
P.E.I. #3 Elmsdale	477.508	
Total Mixed Grain purchased		913.494
Island Oats purchased		
P.E.I. #1 Kensington	946.585	
P.E.I. #2 Roseneath	438.320	
P.E.I. #3 Elmsdale	907.140	
Total Oats purchased		2292.045
Island Barley purchased		
P.E.I. #1 Kensington	6743.694	
P.E.I. #2 Roseneath	1770.854	
P.E.I. #3 Elmsdale	4454.646	
Total	12969.194	

Western Barley purchased

P.E.I. #1 Kensington	1674.000	
P.E.I. #2 Roseneath	349.000	
P.E.I. #3 Elmsdale	–	
Total	2023.000	
Total Barley purchased		14992.194

Ontario Corn purchased

P.E.I. #1 Kensington	1060.384	
P.E.I. #2 Roseneath	60.000	
P.E.I. #3 Elmsdale	104.000	
Total Corn purchased		1224.384

Soybean Meal purchased

P.E.I. #1 Kensington	759.622	

Soybeans purchased

P.E.I. #2 Roseneath	255.164	

As well as purchasing grain from farmers, each elevator also receives grain to dry and store. These volumes are as follows:

P.E.I. #1 Kensington

Barley	82.341	
Soybean Meal	124.408	
Soybeans	34.120	
Total		240.869

P.E.I. #2 Roseneath

Barley	226.967	
Wheat	211.111	
Total		438.078

The Roseneath Grain Elevator also dried, cleaned, graded and shipped approximately 1520 metric tonnes of milling wheat.

VOLUME OF SALES AT EACH ELEVATOR

	Metric Tonnes	
Island Wheat sold		
P.E.I. #1 Kensington	815.356	
P.E.I. #2 Roseneath	1026.114	
P.E.I. #3 Elmsdale	.907	
Total	1842.377	
Western Wheat sold		
P.E.I. #1 Kensington	17.285	
P.E.I. #2 Roseneath	63.298	
P.E.I. #3 Elmsdale	–	
Total	80.583	
Total Wheat sold		1922.960
Island Oats sold		
P.E.I. #1 Kensington	473.363	
P.E.I. #2 Roseneath	379.096	
P.E.I. #3 Elmsdale	757.287	
Total	1609.746	
Island Mixed Grain sold		
P.E.I. #1 Kensington	1108.151	
P.E.I. #2 Roseneath	639.037	
P.E.I. #3 Elmsdale	700.891	
Total	2448.079	
Hull-less Oats sold		
P.E.I. #2 Roseneath	138.580	
Total Oats sold		4196.405

Island Barley sold

P.E.I. #1 Kensington	7070.858	
P.E.I. #2 Roseneath	2768.254	
P.E.I. #3 Elmsdale	4862.464	
Total	14701.576	

Western Barley sold

P.E.I. #1 Kensington	1424.485	
P.E.I. #2 Roseneath	214.451	
P.E.I. #3 Elmsdale	-	
Total	1638.936	
Total Barley sold		16340.512

Island Rye sold

P.E.I. #1 Kensington	20.301	

Ontario Corn sold

P.E.I. #1 Kensington	915.270	
P.E.I. #2 Roseneath	99.994	
P.E.I. #3 Elmsdale	158.496	
Total Corn sold		1173.760

Soybean sold

P.E.I. #1 Kensington	580.673	
P.E.I. #2 Roseneath	43.795	
P.E.I. #3 Elmsdale	158.449	
Total Soybean sold		782.917

Soybeans sold

P.E.I. #2 Roseneath	106.693	

Total Grain sold - by elevator

P.E.I. #1 Kensington	12425.742	
P.E.I. #2 Roseneath	5479.312	
P.E.I. #3 Elmsdale	6638.494	
	24543.548	

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Grain Elevators Corporation

I have examined the balance sheet of the Prince Edward Island Grain Elevators Corporation as at March 31, 1989 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. WAYNE MURPHY, C.A.

Auditor General

Charlottetown, Prince Edward Island
June 20, 1989

STATEMENT 1

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1989
(with comparative figures at March 31, 1988)

ASSETS

	1989	1988
CURRENT ASSETS		
Cash	$ –	$ 7,203
Accounts Receivable – Note 2	1,405,292	762,674
Prepaid Expenses	952	304
Inventory of Grain	529,814	588,413
Deposit on Hedge Contracts	–	36,150
	1,936,058	1,394,744
FIXED ASSETS		
Equipment – Note 3	37,500	55,500
	$1,973,558	$1,450,244

LIABILITIES AND EQUITY

CURRENT LIABILITIES		
Bank Overdraft	$ 11,042	$ –
Accounts Payable	74,199	28,784
Allowance for Contingent Loss – Note 4	49,732	49,732
Due to Province of Prince Edward Island	1,568,889	1,028,728
	1,703,862	1,107,244
EQUITY		
Retained Earnings	(73,304)	–
Contribution by the Province of Prince Edward Island	343,000	343,000
	269,696	343,000
	$1,973,558	$1,450,244

(Notes 1 to 6 are an integral part of these financial statements)

STATEMENT 2

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1989
(with figures for the eight month period ended March 31, 1988)

	1989		1988	
SALES		$4,062,401		$2,672,128
COST OF SALES				
Cost of goods sold	$3,768,693		$2,383,486	
Freight	65,884		62,402	
		3,834,577		2,445,888
GROSS PROFIT ON SALES		227,824		226,240
OTHER INCOME - Note 5		423,948		283,251
FEDERAL GRANTS - Note 6		301,963		-
PROVINCIAL OPERATING GRANT		168,605		-
GAIN ON WRITE-OFF OF LEASE		-		41,135
		1,122,340		550,626
EXPENSES				
Salaries and Benefits	408,377		394,767	
Interest - Short Term	189,271		134,736	
Power, Light and Water	78,496		57,197	
Capital Lease - Amortization	-		37,921	
Capital Lease - Interest	-		37,820	
Repairs and Maintenance	24,532		37,679	
Insurance	39,438		32,249	
Truck	21,838		19,020	
Depreciation	18,000		18,000	
Office	20,145		17,110	
Honorariums	12,718		16,569	
Bad Debt	-		14,979	
Protein Bonus	13,540		14,286	
Travel	15,604		11,693	
Telephone and Telegraph	14,138		10,267	
Professional Services	9,668		8,486	
Advertising	4,708		5,301	
Miscellaneous	6,309		5,186	
Household and Clothing	8,851		4,712	
Field Supplies and Equipment	8,048		62	
Federal Projects - Note 6	301,963	1,195,644	-	878,040
INCOME (LOSS) ON OPERATIONS		(73,304)		(327,414)
Provincial Appropriations for losses		-		385,079
INCOME (LOSS) FOR THE PERIOD		(73,304)		57,665
RETAINED EARNINGS, Beginning of Year		-		(57,665)
RETAINED EARNINGS, End of Year		$ (73,304)		$ -

(Notes 1 to 6 are an integral part of these financial statements.)

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1989

1. Summary of Significant Accounting Policies:

   (a) Specific accounts which have been deemed doubtful have been included in the Allowance for Doubtful Accounts. In addition, 1 percent of the remaining accounts are included in the allowance.

   (b) Inventory is valued at the lower of first-in, first-out cost and replacement value.

   (c) Asset purchases less than $5,000 are expensed in the period of purchase.

   (d) Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

2.

	1989	1988
Accounts Receivable - Trade	$387,200	$334,212
Less: Allowance for Doubtful Accounts	19,922	27,550
	367,278	306,662
Accounts Receivable - Special Bin	818,947	389,109
- Freight Assistance	23,145	44,342
- Other	172,543	22,561
- Deposit with Broker	23,379	-
	$1,405,292	$762,674

3.

	1989	1988
Fixed Assets		
Equipment (cost)	$119,443	$119,443
Less: Accumulated Depreciation	81,943	63,943
	$ 37,500	$ 55,500

4. Contingent Liabilities: In 1978 an account receivable of $89,000 was assigned to the Prince Edward Island Lending Authority. The Corporation has guaranteed repayment to the Authority. A likely loss of $49,732 on this account has been charged to income since 1978.

5.

	1989	1988
Other Income		
Handling and Drying	$115,950	$ 44,935
Storage Fees	51,468	7,776
Miscellaneous	81,174	46,511
Hedging Loss	(63,171)	(5,849)
Feed Freight Assistance	238,527	189,878
	$423,948	$283,251

6. Federal Grant Projects

During 1988-89 the Corporation recognized grant revenue from the Atlantic Livestock Feed Initiatives program. These grants were for Corporation projects that qualified under the program guidelines. The Corporation projects included:

- Storage expansion at elevator #2	$218,624
- Marketing strategy	62,552
- Other projects	20,787
	$301,963

Any revenue not received during 1988-89 is reflected as a receivable at March 31, 1989. Since the projects are 100 percent funded by the Federal program, any fixed assets acquired under this program are not reflected on the Corporation's balance sheet.